



AACC Office of Government Relations and
Policy Analysis

CARES Act and Community Colleges

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Analysis

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OUTLINE OF PRESENTATION

- **Introduction—Martha Parham, Ed.D., AACCC Senior VP for Public Relations**
- **Welcome—Walter Bumphus, Ph.D., AACCC President and CEO**
- **Presentation—David Baime and Jim Hermes**
- **Questions and Answers**

TOPICS COVERED IN PRESENTATION

- **CARES Act in Perspective**
 - Funding: Education and Other
 - Student Financial Aid
 - Taxes, Unemployment Insurance
- **Regulatory Actions**
- **Future Community College COVID-19 Related Issues**
- **Pre-COVID-19 AACCC Advocacy Issues**
- **Presidential Campaign**

CARES ACT IN PERSPECTIVE

- **Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) Signed Into Law by President Trump on 3/27/20, P.L. #116-136**
- **\$2.2 Trillion Cost: ~ 10.4 % of U.S. Economy (2019 GDP)**
- **Assume Further COVID-19 Related Legislation**

AACC ADVOCACY ON CARES ACT

- **Frantic! – Legislation Constantly Morphed**
- **Decisions Made By Leaders/Staff of Numerous Committees With Imperfect Communication**
- **Higher Education Lobbied on Joint Funding Proposals**
- **Outcome Leaves Work to Do**

EDUCATION FUNDING: GENERAL PROVISIONS

- **Higher Education Received Slightly More than K-12**
- **Governors Received \$2.95 billion to Distribute to K-12 or Higher Ed**
- **State Maintenance-of-Effort Required, but can be Waived Due to “Precipitous Decline in Financial Resources”**

EDUCATION FUNDING – GENERAL PROVISIONS

- **3 Components for Higher Education:**
 - 90% of \$ to Institutional Formula Grants
 - 7.5% Funding to Title III and Title V of the HEA
 - 2.5% to FIPSE for Colleges with Greatest Needs Due to COVID-19

EDUCATION FUNDING: HIGHER EDUCATION EMERGENCY RELIEF FORMULA GRANTS

- **\$12.558 Billion Disbursed Directly by ED to Institutions**
 - More direct than ARRA
 - Includes for-profits
 - To “prevent, prepare for, and respond to coronavirus”
- **Complex Formula Based on Pell Grant Recipients**
 - Weighted at .75 per Pell FTE and .25 per non-Pell FTE (includes graduate and professional students)
- **100% online students (prior to emergency) excluded from formula**

EDUCATION FUNDING: HIGHER EDUCATION EMERGENCY RELIEF FORMULA GRANTS

- **At Least 50% of Funds Must Be Used for “Emergency Financial Aid Grants” to Students Impacted by Coronavirus**
- **Institutions Have Broad Discretion to Use Funds for Additional Costs Related to COVID-19**

EDUCATION FUNDING: EMERGENCY RELIEF TITLES III AND V

- **\$1.047 Billion Provided for Titles III And V Programs to Address Needs Directly Related to Coronavirus**
- **Funds to be Allocated to Individual Programs on Relative % Of FY 2020 Funding In Titles**
- **Broad Institutional Latitude on Spending**
 - At least 50% must be allocated to students
 - Previously awarded program funds can be used for COVID-19 response
- **Grants Are on Top of Formula Funding/Other Funds in CARES Act**
- **ED Plan for Distributing \$ Not Yet Available**

EDUCATION FUNDING: EMERGENCY RELIEF VIA FIPSE (TITLE VII PART D)

- **2.5% of Funds (\$349 Million) for FIPSE Part D**
- **Priority For Smaller Colleges**
 - Colleges that receive < \$500,000 from 2 other CARES relief funds and demonstrate significant unmet needs related to COVID-19
- **At Least Half of \$ Must be Used for Students**
- **FIPSE is a Tried-and-True \$ Distribution Vehicle**

OTHER FUNDING: WORKER AND SOCIAL BENEFITS

- **\$345 Million Provided for Dislocated Workers Assistance National Reserve**
- **TANF Block Grant Reauthorized Through 11/20**
 - Includes Health Professions Opportunity Grants
- **Title VIII of the Public Health Service Act (Nursing and Allied Health) Reauthorized**

STUDENT AID PROVISIONS

- **Return of Title IV Not Triggered by COVID-related Withdrawal for Either Institutions or Students**
- **Satisfactory Academic Progress Calculation Modified to Reflect COVID Impact**
- **Institutions Can Transfer 100% FWS Funds to SEOG**
- **SEOG Awards Can be Increased to Pell Grant Maximum**
- **Campus-Based Institutional Match is Waived Through 2020**

STUDENT AID PROVISIONS

- **Federally-held Loans Will Not Need to Be Paid Through 9/30/20**
 - > 80% of total outstanding loans, but not all
 - Interest Will Not Accrue
- **Loans Forgiven for Periods in Which Withdrawal Occurs**
- **Students Can Receive FWS for up to One Academic Year Even if They are Precluded from Performing Jobs**
- **Pell Received During a Period of Enrollment Impacted by Emergency not Counted Against Lifetime Limit**

TAX AND OTHER PROVISIONS

- **Student Debt of Up to \$5,250 Can be Paid Tax-Free by Employers**
- **\$300 Charitable Deduction Allowed for Non-Itemizers**
- **\$150 Billion State Fund that Colleges May Access**
- **Expanded Unemployment Insurance, Including for Part-Timers Not Previously Qualified**
- **\$350 Billion in SBA Loans for Institutions with Fewer Than 500 Employees**

REGULATORY ACTIONS

- **ED Halts Collections from Defaulted Borrowers**
 - Wage Garnishment, Withholding Federal Tax Refunds, Social Security and Other Payments
- **Student Loan Relief – Interest Rate Set at 0% for 60 Days**
- **Loan Offsets to be Refunded to More Than 830,000 Borrowers**
- **Guidance for Complying with Federal Disability Laws**

FUTURE COMMUNITY COLLEGE ISSUES RELATED TO COVID-19

- **Further Support to Mitigate COVID-19's Financial Impact on Institutions and Students Will Remain an Urgent AACC Priority**
- **Job Training Investments a Probable Community College Request**
 - Senators Kaine and Young legislation, S. 3273, on table
 - \$150 Million SCCT grant increase included in House version of CARES
- **Student Loan Forgiveness Will Likely Be on the Table, A Democratic Priority Eschewed in CARES**
- **Infrastructure Discussions May Be Resurfacing**

PRE-COVID-19 AACC ADVOCACY ISSUES

- **HEA Reauthorization**
- **House Apprenticeship Legislation**
- **FY 2021 Appropriations**
- **Final IRAP Regulation (Published 3/11/20)**
- **Final Title IX Regulations Due Very Soon**

PRESIDENTIAL CAMPAIGN

- **Higher Education Expected to Be a Central Issue**
- **Free Community/Public 4-Year College and Student Loan Forgiveness Major Themes**
- **AACC Campaign Agenda Available on AACC Site**

STAY ENGAGED WITH AACC'S FEDERAL ADVOCACY EFFORTS!

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